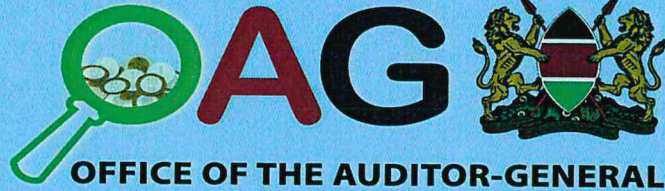


REPUBLIC OF KENYA



Enhancing Accountability




**THE NATIONAL ASSEMBLY
PAPERS LAID**

DATE: 01 FEB 2022 **DAY:** Tuesday **REPORT**

TABLED BY:	ADM
CLERK-AT THE-TABLE:	Gebrude Chelbet

OF

THE AUDITOR-GENERAL

ON

PARLIAMENTARY CATERING FUND

**FOR THE YEAR ENDED
30 JUNE, 2021**



PARLIAMENTARY SERVICE COMMISSION

PARLIAMENTARY CATERING FUND

REPORT AND FINANCIAL STATEMENTS

AS AT

30TH JUNE, 2021

**Prepared in accordance with the Accrual Basis of Accounting Method under the
International Public Sector Accounting Standards (IPSAS)**

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I. KEY FUND INFORMATION AND MANAGEMENT

i. Background information

The Parliamentary Catering Fund was established by Parliamentary Service Commission under Parliamentary Service Commission Act Section 36 and Public Finance Management Act section 24(2A). Regulation 3 of Public Finance Management (Parliamentary Catering Fund) Regulations in 2019 establishes the Catering Fund (Catering Fund Committee) with the objective of purchasing Catering equipment, management and administration of catering facilities to be used by Members and Staff.

The Fund was established with an initial capital of Fifty-Two Million Five Hundred Thousand (Ksh. 52,500,000.00) which was later increased by Seventeen Million Five Hundred Thousand (17,500,000.00) totalling to Seventy Million (70,000,000,00) paid out of the vote of National Assembly for the year 2019/2020. The Fund also inherited Kshs.16,203,923 from the predecessor Catering Account 1108691668 held at KCB, Kipande Branch. During the current financial year 2020/2021 the Fund received Fifty million (50,000,000) paid out of the vote of the National Assembly bringing the total Capital Fund to One hundred thirty six million two hundred three thousand nine hundred twenty three only (136,203,923).

The Fund is administered by a Catering Fund Committee chaired by the Chairperson of the Members' Welfare Committee of the Parliamentary Service Commission. The Committee is charged with the responsibility of ensuring that there is prudent use of the fund and monies accruing from the catering facility and that they are used in a manner deemed fit in accordance with laid down regulations, to advice the Commission on consultancy and outsourcing of catering facility and supervising the day-to-day operations of the Fund. Clerk of the National Assembly as the Officer Administering the Fund is responsible for the day-to-day operations

ii. Principal Activities

The principal activity of the Fund is to offer catering services to Members of National Assembly, The Senate and Senior staff of Parliamentary Service Commission and to perform other functions necessary for the welfare of the Honourable Members and staff.

iii. Vision of the Parliament

Democratic and people centred Parliament.

iv. Mission

To facilitate Members of Parliament to efficiently and effectively discharge their constitutional mandate of representation, legislation and oversight.

v. Core Values

- Professionalism

- Impartiality
- Responsiveness
- Integrity and Accountability
- Cooperation and Consultation Inclusiveness

vi. Key Management

The Fund's day-to-day operations management is under the Clerk of the National Assembly as the Officer Administering the Fund and who shall designate and appoint such staff as may be necessary to assist in the administration of the Fund.

The Parliamentary Catering Fund's day-to-day management is under the following key technical officers: -

Mr. Michael R. Sialai, CBS	- Clerk National Assembly and Officer Administering the Fund
Mrs. Serah Kioko	- Deputy Clerk, National Assembly
Mr. Peter K. Chemweno	- Deputy Director, Committee Services
Ms. Joan Awinja	- Deputy Director, Administrative Services
Mr. Kennedy Malinda	- Chief Procurement Officer
Mr. Michael Karuru	- Deputy Director, Legal Services
Mr. Paul Gachiguah	- Catering Manager
Mr. Joseph Karugo	- Finance Officer II
Ms. Evaline Ochung	- Accountant III

vii. Fiduciary Management

The Catering Fund Management Committee Members who served during the year ended 30th June 2021 and who had direct fiduciary responsibilities were: -

1. Hon. Beth W. Mugo, EGH	Member/Chairperson Members welfare Committee
2. Hon. Aaron Cheruiyot	Member/ Chairman Staff welfare committee
3. Hon. Emmanuel Wangwe	Member/ Majority Chief Whip of National Assembly
4. Hon. Paul Wamatangi	Member/ Majority Chief Whip of Senate
5. Hon. Junet Mohamed	Member/ Minority Chief Whip of National Assembly
6. Hon. Mutula Kilonzo Jnr	Member/ Minority Chief Whip of Senate
7. Mr. Jeremiah M. Nyegenye, CBS	Member / Clerk of the Senate

viii. Headquarters

Parliament Buildings
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Parliament Road
Nairobi, Kenya

ix. Contacts

Telephone: (254) (020) 2221291,
E-mail: clerk@parliament.go.ke,
Website: www.parliament.go.ke

x. Bankers

Kenya Commercial Bank
Kipande House,
P.O. Box 5772 – 00200.
Nairobi







xi. Independent Auditors



Office of the Auditor General
Anniversary Towers, University Way
P.O. Box 30084
GPO 00100
Nairobi, Kenya

xii. Principal Legal Adviser



The Director, Litigation & Compliance
Parliament Buildings
P. O. Box 41842 -00100
Nairobi



II. THE CATERING FUND MANAGEMENT COMMITTEE

	<p>Hon. Beth W. Mugo, EGH, MP</p> <p>Member / Chairperson, Members Welfare Committee, Parliamentary Service Commission</p>
	<p>Hon. Aaron Cheruiyot, MP</p> <p>Member/ Chairman of Parliamentary Service Commission Staff Welfare Committee</p>
	<p>Hon. Emmanuel Wangwe MP</p> <p>Member/Majority Chief Whip National Assembly</p>
	<p>Hon. Sen. Paul Wamatangi</p> <p>Member/Majority Chief Whip Senate</p>
	<p>Hon. Junet Sheikh Nuh Mohamed</p> <p>Member/ Minority Chief Whip, National Assembly</p>
	<p>Hon. Mutula Kilonzo Jnr</p> <p>Member/ Minority Chief Whip, Senate</p>

	<p>Mr. Jeremiah M. Nyegenye, CBS</p> <p>The Clerk of Senate /Secretary to Parliamentary Service Commission and Member of the Catering Fund Management Committee.</p>
	<p>Mr. Michael R. Sialai, CBS</p> <p>The Clerk of the National Assembly, Secretary to the Committee.</p>

III. TECHNICAL TEAM

	<p>Mr. Michael R. Sialai, CBS</p> <p>The Clerk of the National Assembly and Officer Administering the Parliamentary Catering Fund.</p>
	<p>Ms. Serah M. Kioko</p> <p>Member/Deputy Clerk-National Assembly</p>
	<p>Mr. Michael Karuru</p> <p>Member/Deputy Director, Legal services.</p>
	<p>Ms. Joan Awinja</p> <p>Member/Deputy Director Administrative Services.</p>
	<p>Mr. Kennedy Malinda</p> <p>Member/The Chief Procurement Officer National Assembly.</p>
	<p>Mr. Paul Gachiguah</p> <p>Member/The Parliamentary Catering Fund Manager</p>

 A portrait of Mr. Joseph Karugo, a man with short dark hair, wearing a blue suit jacket, a white shirt, and a patterned tie.	<p>Mr. Joseph Karugo Member/Finance Officer II</p>
 A portrait of Ms. Evaline Ochung, a woman with dark hair, wearing a light green top.	<p>Ms. Evaline Ochung Member/Accountant III</p>

IV. CHAIRPERSON'S REPORT

It is the desire of the Parliamentary Service Commission to achieve and maintain quality in catering services delivery to Honourable Members while they render the important constitutional mandates of legislation, oversight and representation.

It is on this background that the Parliamentary Catering Fund was established by Parliamentary Service Commission under Public Finance Management Act NO. 18 of 2012 and which bore the Catering Fund Management Committee.

The Catering Fund Management Committee recommends conditions on use of all monies in the Fund. It also ensures that the monies accruing from the catering facility are used in such a manner as it deems fit. In addition, the Catering Fund Management Committee advises the Parliamentary Service Commission on consultancy and outsourcing of the catering facilities.

During the year under review, operations of the fund were temporarily suspended twice due to the third and fourth Covid 19 infection waves. This led to a decline in business as indicated in our financial performance. The Fund however introduced takeaway service as a mitigation to ensure continuous cash flow.

The Fund received Ksh 50 million from the National Assembly Vote during the current financial year 2020/2021. Part of this was invested in capital expenditure to meet the stringent Covid 19 workplace protocols. A new Cold Room, new furniture and fixtures, automated sanitizers, thermometers and hand wash machines have been put in place in all its facilities to meet those requirements.

THE HON. SEN. BETH MUGO, EGH, MP
CHAIRPERSON, PARLIAMENTARY CATERING FUND MANAGEMENT
COMMITTEE

V. MANAGEMENT DISCUSSIONS AND ANALYSIS

Parliamentary Catering Fund activities are to provide Members with the convenience of enjoying catering services within the premises of Parliament Buildings at very reasonable cost and thereby enhance their efficiency.

The officer administering the Fund supervises and controls the management of the Fund. He also utilizes the monies accruing thereto to defray operating expenses, and may impose reasonable restriction or other requirements concerning such use. It's also his duty to cause to be kept books of Account, records and other books in relation to the Fund. The key role of the Accounting Officer is to prepare, sign and transmit to the Auditor General in respect of each Financial year and to appoint such staff as may be necessary to assist in the administration of the Fund. On the preceding point, the officer administering the Fund appointed a team of nine (9) officers in various technical areas as listed as the Technical Team above.

When National Assembly took over the administration of the catering unit, there were very many shortcomings that would require time and resources to fix. The Main kitchen facilities were dilapidated and required immediate replacement. The floors, channels and drains required immediate rehabilitation. The dining facilities were in dire need of renovations. This includes furniture, floors, walls, fittings and wiring. The New Kitchen has so many shortcomings that it would be difficult to operate it independently. Storage in general is inadequate. This is mainly due to lack of shelving. Changing rooms are insufficient and unfurnished. Staff use the same dining facilities as the Members and should be provided with a different room where uniformed staff can take their meals away from the guest facilities.

Due to breakages, wear and tear, restaurant operating equipment diminishes daily. This equipment includes crockery, cutlery, glassware and table linen. There is urgent need to procure the operating equipment periodically to sustain standards. In all the buildings served by Catering, there are no holding rooms or accessible pantries. This centralizes service to the Main buildings thereby compounding the predicament. Pantries managed by Catering are necessary in all buildings to be served.

During the year under review, the Fund invested heavily in capital expenditure so as to meet the stringent Covid 19 workplace protocols put in place by the Ministry of Health.

An integrated Catering Management System had been installed to keep records of stocks, their movement and sales. This will go a long way in solving some of the issues relating to keeping members' accounts. One training has been held for the Catering staff to acquaint themselves with the new system.

VI. CORPORATE GOVERNANCE STATEMENT

The Parliamentary Service Commission has yet to develop a policy on corporate governance statement which the Parliamentary Catering Fund can adopt and implement.

VII. CORPORATE SOCIAL RESPONSIBILITY STATEMENT

The Parliamentary Service Commission is a corporate citizen that endeavours to ensure that its operations impact positively to its stakeholders and the general citizenry of Kenya. The National Assembly exists to provide essential services to the Parliament of Kenya thereby directly impacting on the quality of leadership in terms of representation, oversight and legislation which in turn impacts on all Kenyans. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, which is founded on Parliamentary Service Commissions Strategic Pillars: putting the customer/Citizen first, delivering relevant goods and Services, and improving operational excellence.

1. Sustainability strategy and profile

The Parliamentary Service Commission has made key efforts and achievements towards sustainability including adopting a policy (the strategic plan) which envisions a green Parliament. To this end the Commission has procured a paperless solution which has to a great extent minimised the use of paper in daily operations. It is also envisioned that all buildings shall use green energy solutions. The Multi storey office block under construction is one of such projects that incorporate green energy solutions. Sustainability solutions though cost effective in the long term require resources to install and in the prevailing macroeconomic environment may seem to be costly to the institution in the procurement process.

2. Environmental performance

The Parliamentary Service Commission is a public entity guided by provisions of the laws of Kenya. Therefore, the environmental policy is anchored on the laws of Kenya and the strategic plan. The strategic plan is the policy tool relied on to guide the organisation on environmental policy. Other than that, the Parliamentary Service Commission is mainly a consumer of various items for use including those of an ICT nature which may not be biodegradable. Our ICT policy provides for proper waste management for radioactive or electronic waste shall be disposed of only to persons licensed to handle the respective waste under section 88 of the Environmental Management and Coordination Act, 1999.

3. Employee welfare

The Parliamentary Service Commission is in the process of adopting its HR manual which comprises of all HR policies which guide on the hiring process. In the hiring of persons, the institution takes into consideration the constitutional principles of gender inclusivity and ethnic balance. The Commission has procured an online recruitment system which has an instant feedback mechanism and therefore the suggestions of stakeholders are taken into account including appeals mechanism for when the candidates are of view that they have been failed unfairly.

There is established Human Resource Development unit which assists in the identification of training needs and seats in the training Committee as the secretariat to advice on training and development matters. The Commission has a training policy that ensures that every officer is

trained bi-annually to improve on their skills. Our schemes of service ensure career growth through the employee employment. The Schemes of Service are reviewed as and when required for the development of officers within the service. The Human resource development unit has developed an appraisal tool by which the staff are appraised yearly.

There is a policy on safety and compliance with occupational safety and Health Act of 2007, (OSHA and a Committee charged with the responsibility of ensuring compliance with the Act)

4. Market place practice

Responsible competition practice.

a) The Parliamentary Service Commission is guided by laws of Kenya on corruption matters. The Commission works regularly with the Ethics and Anti-Corruption Commission to develop policies which work towards the realization of a corruption free society. In the procurement process which competition is required to be fair and free of corruption and bribery, the Commission has sensitised the employees through trainings on the provisions of the procurement law in relation to corruption. On the part of the contractors/suppliers, the tender documents require filling of an anti-corruption form for all participants in a tender.

b) For every contract, the accounting officer appoints a contract administrator or contract implementation team for complex and specialised contracts. The purpose of this is to ensure that the contract is performed as intended and to ensure that payments are raised and honoured when due. It is the responsibility of the administrator to ensure that the procuring entity meets all its payment and other obligations on time and in accordance with the contract. Once an invoice is raised the Commission ensures that the same is processed within 45 days when exchequer is available.

c) The Commission advertises through the papers and its website, this ensures wide coverage and fairness in access to information

d) The Parliamentary Service Commission ensures that its services are easily accessible to the public by ensuring that the departments have a service charter.

5. Community Engagements

The commission engages citizenry through its citizen engagements programmes like a Parliamentary week whereby citizens are allowed within the precincts of Parliament to learn the workings of the various departments of the Commission. It also facilitates the houses of Parliament in community engagement including facilitating the Sente to conduct sittings in other parts of the country.

VIII. REPORT OF THE PARLIAMENTARY CATERING FUND

The Officer Administering Parliamentary Catering Fund submits his report and financial statements as at 30th June, 2021 which show the state of the Fund affairs.

Principal activities

The principal activities of the Parliamentary Catering Fund continue to be to provide Members with the convenience of enjoying catering services within the premises of Parliament Buildings at very reasonable cost.

Results

The results of the Parliamentary Catering Scheme Fund as at 30th June, 2021 are set out on pages 18-22.

Management

The Members of the Parliamentary Catering Fund Management Committee who served during the year are shown on page 1. In accordance with the laid down regulations, the committee members retire by vacation of office through dissolution of Parliament and constitution of members of Parliamentary Service Commission after an election, while staff representative is by appointment by the officer administering the Fund.

Auditors

The Office of the Auditor General is responsible for the statutory audit of the Parliamentary Catering Fund in accordance with Articles 226 and 229 of the Constitution of Kenya and the Public Audit Act 2015.

Risk

The fund's activities expose it to a variety of financial and operational (business interruption-e.g the Covid-19) risks including work safety, equipment breakdowns, and even food Contamination risks. The funds overall risk management focuses on and seeks to minimise the potential adverse effect of such risks on its performance by putting in place safety policies and setting acceptable levels of risk.

Food Contamination/Spoilage risk.

When the food being served isn't kept at the correct temperature, cooked incorrectly or is from a source with a contamination it could lead to foodborne illnesses being contracted by the funds clients which can lead to the fund being exposed to lawsuits.

Food spoilage can be experienced in case of power outs over an extended period of time resulting to mechanical failures or refrigerator and freezers break downs resulting to food being spoiled. A new cold room has been constructed to mitigate against food spoilage during the year under review.

Equipment Breakdown and Property Damage risk.

Kitchen equipment will need routine service and maintenance as a protection against power surges, mechanical failures and other damages that would result to inability to provide service to clients. Property damage may be as a result of fire accident since over time immemorial

kitchen works pose fire outbreak risk which can inevitably cause property damage. A service provider has been contracted during the year 2020/2021 to provide the necessary support.

Business Interruption risk

The decreased patronage of the catering facilities occasioned by the stringent control of visitors occasioned by Covid -19 has led to a decreased cash flow for the Fund and staff medical examination costs also being expensed to the Funds little earned incomes. The Fund introduced takeaway service in the year under review as a way of increasing cash flow.

Work environment risk

The catering staffers/employees would require regular trainings sessions on proper lifting and carrying techniques for heavy items. All staff will need appropriate equipment to minimize risks of injuries to themselves and the clientele.

IX. STATEMENT OF THE OFFICER ADMINISTERING FUND'S RESPONSIBILITIES

Section 24(3) of the Public Finance Management Act, 2012 requires the Officer Administering Fund to prepare financial statements in respect of the Parliamentary Catering Fund, which give a true and fair view of the state of affairs of the Fund at the end of the financial year/period and the operating results of the Fund for that year/period. The Officer Administering the Fund is also required to ensure that the Fund keeps proper accounting records which disclose with reasonable accuracy the financial position of the Fund. The Officer Administering Fund is also responsible for safeguarding the assets of the Fund.

The Officer Administering the Fund is responsible for the preparation and presentation of the Parliamentary Catering Fund financial statements, which give a true and fair view of the state of affairs of the Fund as at 30th June, 2021. The responsibilities include:

- i. maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period;
- ii. maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Fund;
- iii. designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements and ensuring that they are free from material misstatements, whether due to error or fraud;
- iv. safeguarding the assets of the Fund;
- v. selecting and applying appropriate accounting policies; and
- vi. making accounting estimates that are reasonable in the circumstances.

The Officer Administering the Fund accept responsibility for the Funds financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act. The Officer Administering Funds is of the opinion that the Scheme's annual financial statements give a true and fair view of the state of Fund transactions as at 30th June, 2021. The Officer Administering the Fund further confirm the completeness of the accounting records maintained for the Fund, which have been relied upon in the preparation of the Fund financial statements as well as the adequacy of the systems of internal financial control.

Nothing has come to the attention of the Officer Administering the Fund to indicate that the Fund will not remain as a going concern for the remaining period from the date of this statement.

Approval of the financial statements

The Parliamentary Catering Fund financial statements were approved by the officer administering the Fund on 30th September 2021 and signed on its behalf by:



Michael R. Sialai, CBS
Clerk of The National Assembly
The Fund Administrator

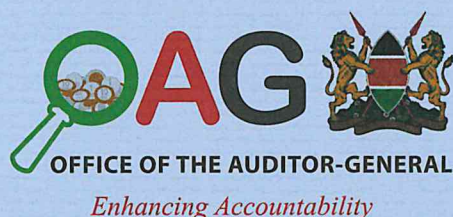


Peter A. Meikoki
Deputy Director Finance and Accounting Services
ICPAK No. 4339

**X. REPORT OF THE AUDITOR GENERAL ON THE PARLIAMENTARY
CATERING FUND**

REPUBLIC OF KENYA

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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON PARLIAMENTARY CATERING FUND FOR THE YEAR ENDED 30 JUNE, 2021

PREAMBLE

I draw your attention to the contents of my report which is in three parts:

- A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.
- B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure government achieves value for money and that such funds are applied for intended purpose.
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, the risk management environment, and the internal controls developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations, and that its internal control, risk management and governance systems are properly designed and were working effectively in the financial year under review.

The three parts of the report are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided by Article 229 of the Constitution and the Public Audit Act, 2015. The three parts of the report, when read together constitute the report of the Auditor-General.

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of the Parliamentary Catering Fund set out on pages 18 to 29, which comprise the statement of financial position as at 30 June, 2021, and the statement of financial of performance, statement of changes in

Report of the Auditor-General on Parliamentary Catering Fund for the year ended 30 June, 2021

net assets, statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Parliamentary Catering Fund as at 30 June, 2021, and its financial performance and its cash flows for the year then ended, in accordance with Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012 and the Parliamentary Catering Fund Regulations, 2013.

Basis for Qualified Opinion

Statement of Comparison of Budget and Actual Amounts

Contrary to the guidelines and template prescribed by the Public Sector Accounting Standards Board for entities reporting under International Public Sector Accounting Standards (IPSAS) Accrual Basis of financial reporting framework, the Fund's financial statements for the year ended 30 June, 2021 submitted for audit review did not include the statement of comparison of budget and actual amounts. No satisfactory explanation was provided for the omission.

Under the circumstances, the accuracy and completeness of the financial statements for the year ended 30 June, 2021 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Parliamentary Catering Fund Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. There were no key audit matters to report in the year under review.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance

about whether the activities, financial transactions and information reflected in the financial statements are in compliance, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether processes and systems of internal control, risk management and overall governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal control, risk management and governance.

In preparing the financial statements, Management is responsible for assessing the Parliamentary Catering Fund's ability to sustain services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to liquidate the Fund or cease operations.

Management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 47 of the Public Audit Act, 2015.

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities which govern them, and that public resources are applied in an effective way.

Those charged with governance are responsible for overseeing the Fund's financial reporting process, reviewing the effectiveness of how the entity monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement and weakness when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Fund to cease to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Parliamentary Catering Fund to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

I communicate with the Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that are identified during the audit.

I also provide Management with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

20 January, 2022

**XI. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED
30TH JUNE, 2021**

	Note	2020/2021 Annual	2019/2020 Annual
Revenue			
Income Earned	1	26,936,357	61,747,127
Total revenue		26,936,357	61,747,127
Expenses			
Compensation of employees	2	1,040,000	298,180
Use of Goods	3	26,581,609	69,167,489
Provision for depreciation	4	1,806,648	0
Total expenses		29,428,257	69,465,669
Surplus/Deficit for the Period		(2,491,900)	(7,718,542)

The Parliamentary Catering Fund financial statements were approved and signed by the Accounting Officer on 30th September 2021.



Michael R. Sialai, CBS
Clerk of The National Assembly
The Fund Administrator



Peter A. Meikoki
Deputy Director Finance and Accounting Services
ICPAK No. 4339

STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE, 2021

	Note	2020/2021 Annual	2019/2020 Annual
Assets			
Current assets			
Cash and cash Equivalents	5	90,995,566	78,793,561
Receivables	6	17,120,566	1,247,767
Inventory	7	6,758,525	7,245,346
Total current assets		114,874,657	87,286,674
Fixed assets			
Property, Plant and Equipment	8	16,259,830	-
Total Fixed Assets		16,259,830	
Total assets		131,134,487	87,286,674
Liabilities			
Current liabilities			
Payables	9	5,141,006	8,801,293
Total current liabilities		5,141,006	8,801,293
Non-current liabilities			
Total liabilities		5,141,006	8,801,293
Net Assets		125,993,481	78,485,381
Financed By			
Fund Capital		86,203,923	86,203,923
Additional Capital		50,000,000	
Accumulated Surplus/ (Deficit)		(10,210,442)	(7,718,542)
Accumulated Fund		125,993,481	78,485,381

The Parliamentary Catering Fund financial statements were approved and signed by the Accounting Officer on 30th September 2021.



Michael R. Sialai, CBS
Clerk of The National Assembly
The Fund Administrator



Peter A. Meikoki
Deputy Director Finance and Accounting Services
ICPAK No. 4339

XIII. STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30TH JUNE, 2021.

	Capital Fund Ksh.	Accumulated Surplus Ksh.	Total Ksh.
Balance as at 1st July, 2020	86,203,923	(7,718,542)	78,485,381
Surplus/(Deficit) for the year		(2,491,900)	(2,491,900)
Additional capital	50,000,000		50,000,000
Balance as at 30th June, 2021	136,203,923	(10,210,442)	125,993,481

The Parliamentary Catering Fund financial statements were approved and signed by the Accounting Officer on 30th September 2021.



Michael R. Sialai, CBS
Clerk of The National Assembly
The Fund Administrator



Peter A. Meikoki
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ICPAK No. 4339

XIV. STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 30TH JUNE, 2021

	Note	2020/2021 Annual	2019/2020 Annual
<u>Cash flows from operating activities</u>			
Receipts			
Income earned	1	26,936,357	61,747,127
			0
Total Receipts		26,936,357	61,747,127
Payments			
Compensation of employees	2	1,040,000	298,180
Use of Goods			
Cost of Sales	3	23,255,795	69,036,113
Sundry administrative expenses	3	2,806,003	59,500
Cooking gas	3	514,745	0
Bank charges	3	5,066	8,876
Staff medical expenses	3	0	63,000
		27,621,609	69,465,669
Cash flows from operating activities		(685,252)	(7,718,542)
Purchase of assets		(18,066,478)	0
(Increase)/Decrease in Accounts receivable		(15,872,799)	(1,247,767)
(Increase)/Decrease in Inventories		486,821	(7,245,346)
Increase/(Decrease) in Accounts payable		(3,660,287)	8,801,293
Net increase/decrease in working capital		(37,112,743)	308,180
Net cash flows from operating activities		(37,797,995)	(7,410,362)
<u>Cash flows from investing activities</u>		0	0
<u>Cash flows from financing activities</u>			
Net cash flows used in financing activities		0	0
Additional capital vote 2042		50,000,000	
Net cash flow used in financing activities		50,000,000	
Net increase/(decrease) in cash and cash equivalents		12,202,005	(7,410,362)
Cash and cash equivalents as at beginning of the year		78,793,561	86,203,923
Cash and cash equivalents as at end of the year		90,995,566	78,793,561

**XV PARLIAMENTARY CATERING FUND TRIAL BALANCE FOR YEAR
ENDED 30TH JUNE, 2021**

PARTICULARS	DR	CR
	Ksh.	Ksh.
Cash and cash equivalent	90,995,566	
Inventory	6,758,525	
Furniture and fixtures	14,088,430	
Cold Room	3,978,048	
Accumulated depreciation		1,806,648
Fund Receivables	17,120,566	
Fund Payables		5,141,006
Expenses	29,428,257	
Income earned		26,936,357
Surplus / Deficit	7,718,542	
Capital Fund		136,203,923
TOTALS	170,087,934	170,087,934

The Parliamentary Catering Fund financial statements were approved and signed by the Accounting Officer on 30th September 2021.



Michael R. Sialai, CBS
Clerk of The National Assembly
The Fund Administrator



Peter A. Meikoki
Deputy Director Finance and Accounting Services
ICPAK No. 4339

I. NOTES TO THE FINANCIAL STATEMENTS

1. Statement of compliance and basis of preparation – IPSAS 1

The Fund's financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Kenya shillings (Ksh.), which is the functional and reporting currency of the Fund. The accounting policies have been consistently applied to all the years presented.

The financial statements have been prepared in accordance with the Accrual Basis of Accounting Method under the International Public Sector Accounting Standards. The cash flow statement is prepared using the direct method.

2. Summary of significant accounting policies

a) i. Recognition of revenue and expenses

The Parliamentary Catering Fund recognizes all revenue from the various sources when earned. During the year under review the Fund earned revenue of Ksh. 26,936,357. In addition, the Parliamentary Catering fund recognizes all expenses when the event occurs and not necessarily when the cash has been paid out.

ii. Budget information – IPSAS 24

The Fund budgeting is heavily subsidized by Parliamentary Service Commission whereby the budget is done through the National Assembly Vote. The capital enhancement is to be done on need basis. When this arises, it is to be factored in subsequent budget circles.

b) Account Receivables.

For the purpose of these financial statements, the outstanding catering bills payable to the fund by clients are treated as receivables. Receivables for the year under review are Ksh 17,120,566.

d) Account Payables.

For the purpose of these financial statements, deposits and members subscriptions held by the fund on behalf of the clients and services/goods supplied to the fund on credit have been recognized as account Payables. These are Ksh. 5,141,006 for the year under review.

e) Provisions, contingent Liabilities and contingent Assets– IPSAS 19

Coupled with the fact that the fund is still very young and also the invasion of the Pandemic/Covid-19, the Fund did not make any provisions within the financial period.

f) Nature and purpose of reserves

The surplus for the year is maintained as a revolving reserve to build up the Fund for future capitalisation. This minimizes need for additional capital.

g) Changes in accounting policies and estimates – IPSAS 3

The Fund recognizes and adopts the current accrual basis of accounting method under IPSAS to comply with the new requirement.

h) Cash and cash equivalents

Cash and cash equivalents comprise of cash at bank which is readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Cash and cash equivalent for the year 2020/2021 is Ksh.90,995,566.

i) Comparative figures

The Catering Fund's financial statements for the year 2020/2021 are compared with the figures from the 2019/2020 financial year.

j) Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Entity based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to the market changes or circumstances arising beyond the control of the entity. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

k) Significant judgments and sources of estimation uncertainty – IPSAS 1

The preparation of the Fund's financial statements is in conformity with IPSAS in reporting amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period.

l) Subsequent events – IPSAS 14

There have been no events subsequent to the year end with a significant impact on the financial statements as at 30th June, 2021.

m) Fund account

The Fund capital of ksh.86,203,923 Million was increased by Ksh 50,000,000 during the reported period to cater for the current Parliamentary term for National Assembly, the Senate and staff of the Commission. Subsequent funding will be done on need basis through the financial budgets.

II NOTES TO THE FINANCIAL STATEMENTS

1. REVENUE

Description	2020-2021	2019-2020
Operating Income earned	Kshs	Kshs
Restaurant	17,912,828	61,747,127
Bar	9,023,529	-
TOTAL	26,936,357	61,747,127

During the period under review, the Catering Fund earned an income of Kshs.26,936,357 which purely comprises of sale of food and drinks.

2. COMPENSATION OF EMPLOYEES

	Note	2020-2021	2019-2020
		Kshs	Kshs
Employee compensation	2	1,040,000	298,180
TOTAL			

3. USE OF GOODS AND SERVICES

		2020-2021	2019-2020
Cost of sales		23,255,795	69,036,113
Sundry Administrative expenses		2,806,003	59,500
Cooking Gas		514,745	0
Bank charges		5,066	8,876
Staff medical tests		0	63,000
TOTAL		26,581,609	69,167,489

Cost of sales consist of opening stock plus purchases less closing stock.

4. DEPRECIATION

	Description	2020-2021	2019-2020
1	Furniture and Fixtures	1,408,843	0
2	Cold Room	397,805	0
	TOTAL	1,806,648	0

5. BANK ACCOUNTS

Name of Bank, Account No. & currency	Amount in bank account currency	Indicate whether recurrent, Development, deposit e.t.c	Exc rate (if in foreign currency)	2020-2021	2019-2020
				Kshs	
<i>Kenya Commercial Bank, Kipande House Branch-Account 1269361759</i>	Kshs	Recurrent	1	89,706,784	69,147,337
<i>Kenya commercial Bank, Kipande House Branch Account 1108691668</i>	Kshs.	Recurrent	1	9,643,578	9,646,224
TOTAL				99,350,362	78,793,561

CASH AND CASH EQUIVALENT

Description	2020-2021
Account 1108691668	9,643,578
Account 1269361759	81,351,988
TOTAL	90,995,566

6. ACCOUNTS RECEIVABLES

Description	2020-2021	2019-2020
	Kshs	Kshs
Debtors	17,120,566	1,247,767
TOTAL	17,120,566	1,247,767

These are amounts owed to the Parliamentary Catering Fund which had not been paid up by the closure of the year. The amount is made up of monies owed by Ex Members of Parliament, current Members and Parliamentary Staff.

7. INVENTORY

Inventory is valued at the lower of cost and Net realizable value under IAS 2. The Fund held stock worth Ksh 6,758,525 at the end of the financial year.

DESCRIPTION	AMOUNT
Dry goods store	2,951,764
Soft Beverage Store	365,033
Cellar Stores	525,426
Linen	1,562,000
Glassware/Kitchen Utensils	1,354,302
TOTAL	6,758,525

8. FIXED ASSETS

Property, Plant and Equipment

	FURNITURE & FIXTURES	COLD ROOM	TOTAL
Balance b/f 01/07/2020	0	0	0
Cost at 30 th June 2021	14,088,430	3,978,048	18,066,478
Less: Depreciation	(1,408,843)	(397,805)	(1,806,648)
Net Book Value 30/06/2021	12,679,587	3,580,243	16,259,830

Depreciation on non-current assets is calculated using the reducing balance method at the following rates:

Furniture & fixtures	10%
Crockery, Glassware & Chinaware	25%
Computers & accessories	25%
Office Equipment	25%
Cold Room	10%

Full year depreciation is provided for all assets in the year of purchase and no depreciation in the year of disposal.

9. ACCOUNTS PAYABLES

Descriptions	2020-2021	2019-2020
	Kshs	Kshs
Creditors	4,581,189	8,436,381
Advance from customers	559,817	66,732
Accrued expenses	0	298,180
TOTAL	5,141,006	8,801,293

These are amounts owed to suppliers of the Parliamentary Catering Fund who provided goods and services within the financial year 2020/2021 but due to various reasons, they had not been paid by the closure of the year.

ANNEX 1 – CREDITORS

SUPPLIER	AMOUNT (KSH)
Orchard Juice	3,000
New Kcc Ltd	298,949
Tender Cuts	510,440
Osteen Food Enterprises	315,450
Tahari General Supplies	1,285,990
Songu Enterprises	468,865
Kenya Meat Commission	87,775
Prime Choice	328,000
City Crest Liquors Store	1,282,720
TOTAL	4,581,189

ANNEX 2 - DEBTORS

DESCRIPTION	AMOUNT
Ex-Members	17,805
Members	1,656,728
Joint Services/CPST	5,414,246
National Assembly – Offices and Committees	4,847,060
Senate - Offices and Committees	5,184,727
TOTAL	17,120,566

ANNEX 3 – LIST OF PROJECTS IMPLEMENTED BY PARLIAMENTARY CATERING FUND

Ref	Project Name	Principal activity of the project	Accounting Officer	Project consolidated in these financial statements(yes/no)

There was no project being implemented by the Parliamentary Catering during the financial year 2020/2021.

ANNEX 4. PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

Financial statements for the year 2019/2020 were submitted to the Office of the Auditor General and a qualified opinion issued awaiting to appear before the Parliamentary Accounts Committee.

ANNEX 5- REPORTS GENERATED FROM IFMIS

The Fund uses Catering Management Information System (CMIS) to process transactions and therefore there are no IFMIS generated reports.



Michael R. Sialai, CBS
Clerk of The National Assembly
The Fund Administrator



Peter A. Meikoki
Deputy Director Finance and Accounting Services
ICPAK No. 4339

